

**THE INTERNATIONAL HELIUM COMPANY LIMITED**

11 King Street West · Suite 1010 · Toronto 1, Ontario, Canada · 362-1618

Dear Shareholder,

This letter is an interim report on the latest developments in your company's sulphur division.

#### GUATEMALA.

Azufres de Guatemala Ltd., a company 50% owned by International Helium, has been organized under the laws of Guatemala. Azufres owns a concession of approximately 20,000 acres and has proven reserves of more than 2,000,000 tons of sulphur. Prospects for finding additional sulphur are excellent.

Two sulphur flotation plants have been purchased by Azufres from an Italian manufacturer, and the first of these, capable of processing 300 tons per day, has already been delivered to the site at Lake Ixpaco. It is now being assembled, with March 1, 1967, scheduled for the start of production. Part delivery has also been made of the second plant, which will handle 2,000 tons per day. The remaining equipment for this second installation is expected to reach the site in time for the plant to go into operation by late June or early July of this year.

These plants are designed to produce a high grade sulphur concentrate ranging between 95% and 97%. The Government of Guatemala has issued an initial export permit for 150,000 tons of sulphur to Azufres and it has offered the company a five year income tax-free period.

#### MEXICO.

Azufres Anahuac S.A. moved into its new offices in Mexico City last December. Geological and geophysical work in the Isthmus is proceeding on schedule. Rehabilitation of the Texistepec plant, carried out by Operadora Anahuac S.A., is nearly completed. Operadora is presently carrying on negotiations which your management believes will lead to a unitization plan for the Texistepec Dome.

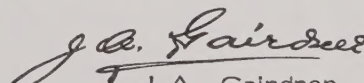
As a result of its original agreement with Gairpark Enterprises Limited, your company has now obtained rights to certain unproven mining properties in Mexico. Of these properties, one in particular appears to be very attractive. A Canadian geophysical firm, H.O. Selgel & Associates Ltd., is conducting an induced polarization survey on this latter property. Results so far have been encouraging.

#### APPOINTMENT

Your company has recently secured the services of Mr. Cornelis Hendrik van Brink who has been appointed executive vice-president, general manager and a director of the company. Until his present appointment Mr. van Brink held a similar position with Westminster Dredging Australia Pty. Limited. Trained in economics, Mr. van Brink served for some years in the Dutch diplomatic service and later headed a technical organization in Holland.

Mr. van Brink is multi-lingual and has had considerable experience in business negotiations in various parts of the world. In view of your company's increasing involvement in Latin America, his skills and services will be of particular value.

On behalf of the Board

  
J.A. Gairdner,  
Chairman

Toronto, Ontario  
January 27, 1967

